

October 7, 1959

MEMORANDUM FOR THE FILES

With Mr. Robert Keller met with Col. L. K. White, H. Gates Lloyd, and Lawrence Houston at CIA concerning a proposed extension of the audit at CIA in the light of the suggested limitations stated by Allen Dulles in a draft of a letter heretofore furnished to the Comptroller General.

In particular there was discussed the second and third paragraphs of this proposed letter relating to the extent of review in the area of sensitive security operations. This discussion indicated that the audit of Central Intelligence Agency would have to be limited to remain outside of sensitive security operations on (1) expenditures certified by the Director under Section 8 of the Central Intelligence Agency Act of 1949, as amended, and (2) certain activities in the support of confidential operations protected by his authority in Section 8. These officials indicated that outside of this area there could be a substantial expansion in the current audit activities of GAO in a considerable portion of the agency. From this discussion it was indicated that we could examine the organizational structure, agency policies, and agency practices and procedures, together with the selective examination of actual transactions, but that the selective examination of actual transactions would have to be limited to the so-called vouchered expenditures. Based on this discussion, also, it appears that we could effectively and constructively accomplish comprehensive audit objectives in most, if not all, administrative operations as well as in the functions having to do with intelligence evaluation. We would not be given access to activities involving intelligence operations.

The meeting concluded with an agreement on our part that we would consider the matter further and we would let them know on our decision within a day or two.

A. T. Samuelson
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Director, Civil Accounting
and Auditing Division

Document No. _____
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Authority: ER 70-2
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Date 24-3-81 Reviewer 006/49